

Subject: EPA Engaging PA Agencies in and Menu of 2025 Chesapeake Bay Gap Closing Strategies – September 22, 2016 Meeting Headlines

Purpose of Meeting:

- To fulfill Administrator McCarthy's commitment to Governor Wolfe that we would fully engage PA in defining a menu of gap closing strategies to meet the Bay goals
- Planning beyond the Reboot Strategy to longer range solutions.

Attendees: EPA R3 CBPO and WOD, PA DEP, DCNR, PDA

Key Points of the Meeting:

1. PA Has Begun Ramping Up its Phase III WIP Development process and framework; it welcomed early engagement with EPA to begin to scope out strategy elements.
 - a. PA DEP has asked for 14+ FTE and additional cash to support its Bay program
 - b. In the meantime NPDES permit fees are being raised. WW sector supports this so long as DEP uses funds to enforce NPS control.
2. PA announced plans to create a Steering Committee for the Phase III WIP process; diverse group of all sectors and includes PSU; EPA will be asked to be ex-officio member. Others like CBF may be invited as guests
 - a. Will convene the group in October
 - b. Will define what outputs and schedule it will keep
 - c. Early Action opportunities will be defined to promote early pollutant reductions and partnership opportunities
 - d. 3-4 Subgroups will deal with sector issues and Local Area Goals for local engagement
 - e. PA shared a Gantt chart of their Reboot Strategy tasks underway on many fronts – the compliance initiative is only one of them.
3. PA has a full Strategic Plan for its CBP engagement – PA will be scaling back its involvement in a number of Bay Agreement goal areas so as to focus resources and staffing on priority water quality goal commitments
4. EPA Reviewed a Draft Menu of Considerations and Gap Closing Strategies as early input to the Phase III process
 - a. A full discussion of the menu was engaged to get PA perspective and questions about the options
 - b. Wastewater – folks need to be aware of the technical limitations of going to ENR levels in PA due to weather and temperature differences in the upper watershed; not considered feasible to go to ENR levels due to colder climate
 - i. EPA suggested that someone document this technically with pilots
 - c. Septics – denitrification for septic is not deemed technically feasible in PA due to climate differences

- d. EPA offered to update the Menu of Strategy Options and to share with DEP for their feedback and additions – a living document as input to Phase III process
 - i. EPA will add Market Based Solutions and Trading as strategies on the Menu. These are tough to cost out in the abstract. EPA will add Sediment loading goal to the document.
 - ii. PA has a commitment to Legacy Sediment project funding. We should revisit this again as a Bay sediment/TP strategy.
 - iii. PA believes its trading program will become more prominent and effective closer to 2025 as demands of growth and offsetting take hold. Public funding has diminished the market especially in the POTW world.
- 5. EPA (R. Batiuk) shared a Smart Targeting Analysis by the CBPO of various levels of Ag and Urban Sector implementation rates to determine if there as a feasible solution technically
 - a. The good news is YES, there is a mix of measures and BMPs for urban and ag which can achieve the Bay 2025 targets;
 - b. The other good news is that through Smart Targeting of practices to most efficient BMPs in priority places you can get to the goal at half the cost of Phase II WIP approach. It is not beyond the limits of technology.
 - c. Batiuk shared the percent implementation rates you need by practice to make it happen. EPA will document this analysis and share with PA.
 - d. EPA will complete a summary of the COST of the various options using CAST tool
 - e. DEP appreciated this information
 - f. The Buffer levels anticipated are well above what DNRC is planning to do alone with their resources – need for private owner leverage was noted
- 6. Ag Cost Share Options were reviewed –3 levels of implementation
 - a. Questions were discussed about the fiscal need for these levels
 - b. EPA estimates are in the \$50-80 million range. The Commonwealth did not dispute these figures in fact said the PSU analysis said \$378 million a year for Bay restoration in PA.
 - c. DEP has the PSU analysis as the last cost estimate of PA's Bay share from 2006.
 - d. DEP estimating at a minimum matching USDA contributions (~42M last year).
 - e. Need for the Steering Committee to estimate the need or cost of implementation as they define optional strategies
 - f. The CAST tool is available to PA to review scenarios in real time for What If considerations. PA keenly interested in this since it allows real time use in meetings and a cost summary as part of the analysis.
- 7. Legislative Communication Strategies were briefly discussed
 - a. The PA Legislature is keenly interested in what the fed govt brings to the table
 - b. Legislature is also interested in analysis of efficiency or least cost solutions so that the least funding required is applied to get the job done.

- c. The Legislature is more likely to ante up after seeing a uptick in Federal funding in the watershed. If it must match dollar or dollar, then there is an incentive to avoid losing fed funds.
 - d. Suggested that we spend more time analyzing targeting approaches which present lower cost than doing things everywhere, due to the fiscal pressures of the Commonwealth
 - e. EPA suggested that the Phase III WIP Steering Committee should also do a total needs analysis of the cost of various strategy combinations.
 - f. CBC legislators have tried to help advance bills and funding but unsuccessful thus far.
8. Reboot Strategy Update
- a. DEP handed out project management summaries of the status of various Reboot activities
 - b. On the Ag Compliance front, 28 of the 37 CDs have OPTED IN to the effort; only 9 have opted out but include 3 of the big loading counties – Dauphin and York for examples
 - c. DEP is proceeding with field inspections; CD's are being paid for their field inspections; EPA confirmed that we will be active with inspections in York County in the coming months.